

UACIM MEMBERSHIP MEETING M I N U T E S

April 15, 1998, 4:00 p.m.

Sevier Valley Applied Technology Center

BOARD MEMBERS PRESENT:

Gary Herbert, *President*, Utah County Commissioner
Dan McConkie, *Secretary-Treasurer*, Davis County Commissioner
Monte Munns, Box Elder County Assessor-Treasurer
Tony Dearden, Millard County Commissioner
Chad Johnson, Beaver County Commissioner
Tex Olsen, Sevier County Commissioner
John Swasey, Duchesne County Commissioner

BOARD MEMBERS ABSENT:

Gerald Hess, *Vice President*, Davis County Deputy Attorney
Ty Lewis, San Juan County Commissioner

MEMBERS PRESENT:

Pat Barker, Duchesne County Clerk
JoAnn Behling, Emery County Treasurer
Joe Bemini, Juab County Commissioner
Kay Blackwell, Piute County Commissioner
Valeen Brown, Piute County Clerk-Auditor
Keller Christenson, Sanpete County Commissioner
Blair Francis, Rich County Commissioner
Alan Gardner, Washington County Commissioner
Willard Gardner, Davis County Assessor
Jay Hardy, Box Elder County Commissioner
Boyd Howarth, Juab County Commissioner
Margene Isom, Davis County Clerk-Auditor
Karla Johnson, Kane County Clerk-Auditor
Ted Kappen, Duchesne County Commissioner
Shane Millett, Piute County Recorder-Treasurer
Camille Moore, Garfield County Clerk-Auditor

Meeks Morrell, Wayne County Commissioner
Dale Mosher, Grand County Council Member
Clyde Naylor, Utah County Surveyor
Colene Nelson, Duchesne County Treasurer
Lynn Nelson, Cache County Sheriff
Royal Norman, Box Elder County Commissioner
Ralph Okerlund, Sevier County Commissioner
Ed Phillips, Millard County Sheriff
Donna Randall, Kane County Deputy Assessor
John Rausch, Box Elder County Purchasing Director
Calvin Robison, Washington County Clerk-Auditor
Ilene Roth, Sanpete County Auditor
Mike Seely, Juab County Administrator
Kelly Sparks, Davis County Deputy Sheriff
Gayle Stevenson, Davis County Commissioner
Kent Sundberg, Utah County Deputy Attorney
Brent Titcomb, Wasatch County Clerk-Auditor
Preston Ward, Cache County
Steven Wall, Sevier County Clerk
David Yardley, Iron County Clerk

OTHERS PRESENT:

Doug Alexander, McLarens Toplis Claims Manager
John Chino, AJG&Co. Area Assistant Vice President
Shawn Guzman, UACIM Loss Control Manager
Curt Hamby, McLarens Toplis Account Executive
Brett Rich, Director, UACIM
Michael Scholl, Coregis
Rich Stokluska, AJG&Co. Account Executive
Sonya White, UACIM Administrative Assistant

WELCOME AND ROLL CALL OF MEMBERS

Gary Herbert welcomed all those in attendance and called the meeting to order. Pursuant to the UACIM Bylaws Article 4.2(c) *A majority of the members shall constitute a quorum to do business* and Article 4.5(b) *Members shall have the obligation to designate...a representative...for the members' meetings*. Therefore, roll call was taken and the following members designated as representatives: Chad Johnson, Beaver County; John Rausch, Box Elder County; Preston Ward, Cache County; Margene Isom, Davis County; John Swasey, Duchesne County; JoAnn Behling, Emery County; Camille Moore, Garfield County; Dale Mosher, Grand County; David Yardley, Iron County; Mike Seely, Juab County; Norman Carroll, Kane County; Tony Dearden, Millard County; Valeen Brown, Piute County; Blair Francis, Rich County; Ilene Roth, Sanpete County; Steven Wall, Sevier County; Kent Sundberg, Utah County; Brent Titcomb, Wasatch County; Alan Gardner, Washington County; Meeks Morrell, Wayne County. San Juan and Uintah Counties were not represented at this meeting.

APPROVAL OF NOVEMBER 1996, MINUTES

The minutes from the November 12, 1997, Membership meeting were previously sent to the members for review. A motion was made to approve the minutes as written. The motion was seconded and passed unanimously.

APPROVAL OF PROPOSED AMENDED BYLAWS

Chad Johnson reviewed the following proposed amendments to the Bylaws:

- Article 5.1 The Board shall be composed of ~~nine~~ eleven persons, ~~elected by the Members.~~
- Article 5.2 ...The final two Trustee positions shall be reserved for the Chair of the Litigation Management Committee and the Chair of the Law Enforcement Committee, which positions shall be appointed by the Board.
- Article 5.5 Any Member or Trustee may nominate eligible persons to run for available Trustee positions. Nominations will be received at the UACIM office no later than 14 days prior to the meeting at which the election is scheduled. UACIM will verify that each person nominated is willing to serve if elected before placing that person's name on the ballot. The person conducting Trustee elections shall also call for nominations from the floor and accept such nominations provided that the nominee expresses, or has expressed in writing, a willingness to serve if elected.
- Article 6.1 The principal offices of the Board shall be: president, vice-president, ~~secretary and treasurer and~~ secretary-treasurer.
- Article 6.3 ~~Five~~ Six Trustees shall constitute a quorum to do business.

Other numbering modifications and clarifications were also proposed. A motion was made to approve the amendments to the Bylaws as proposed. The motion was seconded and passed unanimously. Gary Herbert noted that these approved amendments will become effective upon approval of the Insurance Commissioner.

DIRECTOR'S REPORT

Brett Rich explained that he perceives members' objectives for the Mutual as follows:

1. INSURE SPECIFIC COUNTY EXPOSURES. The Mutual was formed in 1992 to handle county property and casualty exposures. The Mutual has adjusted these exposures over time as needs have been detected. The most recent changes addressing members needs are:
 - a. Additional coverage provided for properties under the course of construction (builders risk). Members are covered up to \$5 million for no additional premium—must be reported within 90 days.
 - b. The Public Officials bonding program was put into place this year following a change in statute.
 - c. Special Districts program is being made available (see *Insuring Special Districts* item below).Other areas of exposure will be looked at such as workers comp and Fair Labor Standards Act defense.
2. STABILIZE PREMIUMS. In 1992, the level of premium contributions was set with the help of an actuary—losses were estimated. Because the actuary projections were low and the losses to the Mutual were higher than anticipated, premium contributions had to be increased during the first years of operation. Those increases ended three years ago. The total package premium has not increased since 1996.
3. INCREASE THE LEVEL AND QUALITY OF SERVICES PROVIDED. The ability to provide services directed toward counties is a main advantage organizations, like the Mutual, offer to members—primarily services such as loss control and claims administration. The Mutual is committed to providing high quality loss control services to members. With Shawn Guzman as Loss Control Manager the focus and direction of the program has changed drastically. The Mutual also provides stabilization of specialization in claims service. Doug Alexander has been the claims manager since the inception of the Mutual and brings considerable expertise to the handling of member claims.

4. PROVIDE FOR AND RESPOND TO MEMBER INPUT. Member input is essential in the operations of the Mutual. The Advisory Committee was formed as a basis for member input that is independent of the Board of Trustees. Member input can also be utilized in the operations of the Litigation Management Committee.
5. BUILD EQUITY OF THE MEMBERS. This has been the primary objective of the Mutual since its inception. First the Mutual had to comply with the surplus requirements enacted by the Insurance Department of \$1.7 million. Brett charted the annual surplus by year showing that by year-end 1997, surplus reached \$2,337,588 exceeding the permanent surplus requirement. Brett charted quarterly surplus by year showing how surplus fluctuated during the years 1992-1996. In 1997 surplus started to increase each quarter and continues to do so in 1998.

Brett reported to the members that there were some changes in the 1998 contracts. The accounting contract is with Larson & Company and the actuary contract is with Taylor, Walker & Associates. Brett also explained that the Insurance Department is conducting a financial examination of the Mutual at this time.

INSURING SPECIAL DISTRICTS

Brett Rich explained that the Board of Trustees recognized the problem some Special Districts were having in finding coverage when they did not qualify for coverage under the Mutual's policy. The Board directed the Brokers for the Mutual to locate some resources. The Coregis program was introduced to the Board and the Board has approved this program. Brett introduced Mike Scholl, Special Districts Program Director of Coregis Insurance, to present the program to the members.

Mike Scholl made a formal presentation (see attachment #1), explaining that Coregis is the only insurance company in the nation that writes 100% public entity and has been a solid insurer in this area for 25 years. This program will protect the financial strength of the counties, has competitive premiums, meets or exceeds any coverage on the market and can be quoted by completion of a simplified three-page application. Most governmental entity special districts can be written. The Mutual staff will handle processing of the applications.

BROKER REPORT

John Chino addressed the exposure of special events in the counties. The Mutual's policy provides coverage to county members for their sponsored special events. The only exclusion for the type of event is auto demolition and auto racing. A separate special events policy can be written for these excluded events. The Mutual does not cover outside organizations for special events. The Mutual offers coverage through the Tenant User Liability Insurance Program to those organizations sponsoring an event in a county owned facility. The program is through an independent insurance company, which also protects the county as an additional insured. John explained that it is in the best interest of the county and the Mutual to use organizations (vendors contracted to conduct events) that have insurance. Certificates of insurance should be obtained from those organizations.

LOSS CONTROL REPORT

Shawn Guzman charted the number and amount paid of first quarter 1998 to last quarter 1997 claim comparison. The comparison revealed that auto claims have increased and property claims have declined. Total amount in losses is down approximately \$50,000. Because of the increase in auto claims, Shawn stressed the importance of the members conducting their Accident Review Boards to review every auto accident in the county. Shawn charted the frequency of claims, which has increased slightly but the severity of claims has decreased.

Shawn explained that the information for the 1999 renewal must be completed by June. Each member county insurance coordinator will receive a copy of their property schedule and exposure questionnaire to be updated/completed. Timely return of the information is one of the prerequisites of the Risk Management Premium Credit Program. Shawn reviewed the information needed on the property schedule to correctly evaluate the exposure of each county.

COMMITTEE REPORTS

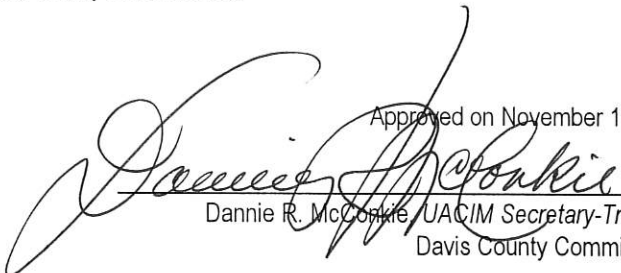
ADVISORY COMMITTEE Kay Blackwell, *Chair*, Piute County Commissioner, reported that the purpose of the Advisory Committee is to review the operations and coverages of the Mutual and to increase the opportunities for member input. Each member was invited to designate a Committee Member. As of today, 14 members have representation on the Committee. Kay encouraged those counties who do not have representation to designate someone to participate. The Committee has met several times during the past year. They have researched the feasibility of an independent review of the coverages and operations of the Mutual and recommended to the Board of Trustees that the review should be conducted. A request for proposal was sent to several companies, the proposals were reviewed and the Committee recommended to the Board of Trustees that Warren McVeigh & Griffin should be awarded the contract. Warren McVeigh & Griffin have begun their review that should be complete by the end of May. Kay thanked the Committee for their participation.

AUDIT COMMITTEE Brett Rich explained that he is reporting on behalf of Jerry Hess and Ty Lewis. By statute the Mutual is required to have an Audit Committee. The responsibility of the Committee is to oversee the finances of the Mutual including the actuarial reviews and audit reports. The actuary opinion has been issued and filed with the annual statement. The conclusion of the actuary states that the loss and loss adjustment expense reserves, meet the requirement of the insurance laws of Utah, are computed in accordance with accepted loss reserving standards and principles and make a reasonable provision for all unpaid loss and loss expense obligations of the company under the terms of its policies and agreements. The Audit Committee will meet again to review the final draft of the audit (required to be filed by May) is complete and presented to the Board of Trustees.

LAW ENFORCEMENT COMMITTEE Ed Phillips, *Chair*, Millard County Sheriff, reported that the Law Enforcement Committee has been inactive for the last year but has recently been reorganized. Although the Committee has been inactive the Sheriffs have been actively focusing on areas in law enforcement that pose the largest exposure for the Mutual. Sheriffs have been actively involved in compliance to jail inspection requirements and the operations of jails. Have encouraged members to schedule pursuit driving training courses for their officers and encouraged Sheriffs to be involved during the Accident Review Board process. Training conferences continue to be scheduled. Ed anticipated a very active Committee this year.

LITIGATION MANAGEMENT COMMITTEE Kent Sundberg, *Chair*, Utah County Deputy Attorney, reported that the Committee Members consist of either County Attorneys or Deputy Attorneys responsible for reviewing claims and defense strategy and making settlement recommendations to the Board of Trustees. The Committee meets monthly and reports to the Board of Trustees at their monthly meetings. The claims manager has settlement authority up to \$25,000. The Committee reviews any settlement above that amount and an amount is recommended to the Board for settlement authority. Members are welcome to attend the meetings, participate in the review of claims and defense strategy and make recommendations to the Committee. Kent noted that a member recently met with the Committee to explain the county's concern with the handling of a claim by defense counsel. The Committee and claims manager researched the performance of this counsel and determined that this firm would be removed from the approved defense attorney list.

PERSONNEL COMMITTEE Shawn Guzman explained that he is reporting on behalf of Steve Baker, *Chair*, Davis County Personnel Director. Since many claims arise from personnel issues, the Personnel Committee is an important resource to the Mutual. The Committee is also a resource to those counties who do not have a full time personnel director. The Committee conducts several training workshops throughout the year. The next workshop is scheduled for May 7 in Provo and will deal with employment law, discipline and termination, alcohol and drug testing and a review of actual county case studies.

Approved on November 11, 1998

Dannie R. McConkie, UACIM Secretary-Treasurer
Davis County Commissioner

